

1 David N. Chandler, Sr. SBN 60780  
David N. Chandler, Jr. SBN 235427  
2 DAVID N. CHANDLER, p.c.  
1747 Fourth Street  
3 Santa Rosa, CA 95404  
Telephone: (707) 528-4331

4 Attorney for Debtors

5 UNITED STATES BANKRUPTCY COURT  
6  
7 NORTHERN DISTRICT OF CALIFORNIA

8 IN RE: CASE NO. 09-13181  
9 HOSAIN AZIZIAN, and CHAPTER 11  
FATEMEH H. AZIZIAN,  
10 DEBTORS. / DISCLOSURE STATEMENT

11  
12 A. INTRODUCTION.

13 Hosain Azizian and Fatemeh H. Azizian, Debtors herein,  
14 hereafter referred to as "Debtors" submit this Disclosure Statement  
15 to all of their known creditors and interest holders entitled to  
16 same pursuant to section 1125 of the United States Bankruptcy Code  
17 11 U.S.C. section 101, et seq. ("the bankruptcy code"). The purpose  
18 of this Disclosure Statement is to provide creditors of the debtors  
19 with such information as may be deemed material, important and  
20 necessary in order to make a reasonably informed decision in  
21 exercising the right to vote on the Debtors' Chapter 11 Plan(the  
22 "Plan") described below. The Debtors' Chapter 11 Plan has been  
23 filed with this Court.

24 NO REPRESENTATIONS CONCERNING THE DEBTORS (INCLUDING THE VALUE  
25 OF ASSETS, ANY PROPERTY AND CREDITORS CLAIMS)INCONSISTENT WITH  
26 ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED. Except as otherwise  
27 expressly stated, the portions of this Disclosure Statement  
28 describing the Debtors and the Plan have been prepared from

1 information obtained from the Debtors.

2 Under the Plan, all Secured claims, to the extent allowed as  
3 secured claims pursuant to 11 U.S.C. Section 506, and to the extent  
4 of the validity of the security interest is determined by the Court  
5 and not otherwise avoidable will be paid. Unsecured claims shall be  
6 paid from monthly rents received, after payment of secured claims  
7 and allowed expenses of administration. The Debtors project that  
8 the amount to be distributed under the Plan to holders of allowed  
9 unsecured claims will exceed that distributable in Chapter 7.

10 A Chapter 7 liquidation could take up to three years before  
11 distribution is made, if any, and additional Administrative expenses  
12 would be incurred. Tax consequences of liquidation, expenses of  
13 sale, professional fees and trustee's fees are administrative  
14 expenses in a Chapter 7 liquidation and paid before prepetition  
15 claims are paid. Administrative expenses of Chapter 11 are also  
16 paid prior to payment of prepetition claims. The Liquidation  
17 Analysis shows that unsecured creditors would not receive a  
18 distribution on liquidation of the assets.

19 The Debtors' Plan provides for payments on claims secured by  
20 consensual liens on the real property from the rent receipts.  
21 Estimated distribution to allowed unsecured claims is 100% but is  
22 dependent upon the allowed amount of unsecured claims which Debtors  
23 believe is overstated in the Schedules. The Debtors' opinion of  
24 liquidation value of the assets is set forth in Exhibit A hereto.  
25 Based upon Debtors' estimated liquidated value and expenses of  
26 liquidation, unsecured creditors would receive approximately 40%  
27 upon liquidation under Chapter 7 assuming the values of the real  
28 estate hold at Debtors' current estimation of value.

1           B.   FILING OF REORGANIZATION CASE.

2           On September 29, 2009, the Debtors filed their petition  
3 pursuant to Chapter 11 of the Bankruptcy Code. Since that time the  
4 Debtors have remained in possession of the property as debtors in  
5 possession.

6           Following confirmation of the Plan, Debtors intend to continue  
7 renting the properties.

8           C.   MANNER OF VOTING.

9           All creditors entitled to vote on the Plan may cast their votes  
10 for or against the Plan by completing, dating, signing and causing  
11 the Ballot Form accompanying this Disclosure Statement to be sent to  
12 the Debtors' counsel prior to the date set by the Court for the  
13 filing of such ballots.

14          D.   CONFIRMATION OF THE PLAN.

15               1.   Solicitation of Acceptance.

16          This Disclosure Statement has been approved by the Bankruptcy  
17 Court in accordance with section 1125 of the bankruptcy code and is  
18 provided to each creditor whose claim has been scheduled by the  
19 Debtors or who has filed a Proof of Claim against the Debtors and to  
20 each interest holder of record as of the date of approval of this  
21 Disclosure Statement. The Disclosure Statement is intended to  
22 assist creditors and interest holders in evaluating the Plan and in  
23 determining whether to accept the Plan. Under the bankruptcy code,  
24 acceptance of the Plan may not be solicited unless a copy of this  
25 Disclosure Statement is received prior to or concurrently with such  
26 solicitation.

27               2.   Persons Entitled to Vote on Plan.

28          Only the votes of Classes of claimants and interest holders

1 which are impaired by the Plan are counted in connection with  
2 confirmation of the Plan. Generally and subject to the specific  
3 provisions of bankruptcy code section 1124, this includes creditors  
4 who, under the Plan, will receive less than payment in full of their  
5 creditor's claims.

6 In determining acceptance of the Plan, votes will only be  
7 counted if submitted by a creditor whose claim is duly scheduled by  
8 the debtors, as undisputed, non-contingent and unliquidated, or who,  
9 prior to the hearing on confirmation, has filed with the court a  
10 Proof of Claim which has not been disallowed or suspended prior to  
11 computation of the votes on the Plan. The Ballot form which you  
12 receive does not constitute a Proof of Claim. If you are in any way  
13 uncertain whether or not your claim has been correctly scheduled,  
14 you should review the Debtors' schedules which are on file in the  
15 Bankruptcy Court. The clerk of the Bankruptcy Court will not  
16 provide this information by telephone.

17 3. Hearing on Confirmation of the Plan.

18 The Bankruptcy Court will set a hearing to determine whether  
19 the Plan has been accepted by the requisite number of creditors and  
20 interest holders and whether the other requirements of confirmation  
21 of the Plan have been satisfied. Each creditor and interest holder  
22 will receive, either with this Disclosure Statement or separately,  
23 the Bankruptcy Court's Notice of Hearing on Confirmation of the  
24 Plan.

25 4. Acceptance Necessary to Confirm Plan.

26 At the scheduled hearing, the Bankruptcy Court must determine,  
27 among other things, whether the Plan has been accepted by each  
28 impaired Class. Under bankruptcy code section 1125 an impaired

1 Class is deemed to have accepted the Plan if at least two thirds in  
2 amount and more than one-half in number of the allowed claims or  
3 interest of Class members who have voted to accept or reject the  
4 Plan have voted for acceptance of the Plan. Further, unless there  
5 is unanimous acceptance of the Plan by an impaired Class, the  
6 Bankruptcy Court must also determine that under the Plan Class  
7 members will receive property of a value, as of the effective date  
8 of the Plan, that is not less than the amount that such Class  
9 members would receive or retain if the Debtor was liquidated under  
10 Chapter 7 of the Bankruptcy Code on the effective date of the Plan.

11 5. Confirmation of the Plan Without Necessary  
12 Acceptance.

13 The Plan may be confirmed even if it is not accepted by one or  
14 all of the impaired Classes, if the Bankruptcy Court finds that the  
15 Plan does not discriminate unfairly against and is fair and  
16 equitable as to such Class or Classes.

17 A. DESCRIPTION OF DEBTOR AND HISTORICAL BACKGROUND.

18 Debtors own and operate a gas station in Vallejo, California.  
19 Prior to the 1988 purchase of the gas station, Debtor Hosain Azizian  
20 owned a gas station in San Francisco which he purchased in 1975.

21 Debtors both work the business and have since 1988. The  
22 business was thriving until the City of Vallejo re-routed Highway 37  
23 to an overpass near Debtors' business, thereby removing the volume  
24 of traffic Debtors once benefitted from. In concert with the  
25 diversion of traffic, the downturn in the economy has adversely  
26 impacted Debtors' business.

27 Debtors are knowledgeable in the industry and are confident in  
28 their future ability to successfully operate their business.

1           B.   THE PLAN.

2           The Plan divides claims and interests into fourteen (14)  
3 classes. The classes consist of the following:

4   Class 1 Claims.   Allowed claims entitled to priority pursuant to  
5 Section 507 of the Code.

6           3.02.       Class 2 Claims.   Allowed secured claim of the County  
7 of Marin based upon the secured tax roll and secured by real  
8 property.

9           3.03.       Class 3 Claims.   Allowed secured claim of the County  
10 of Solano based upon the secured tax roll and secured by real  
11 property.

12          3.04.       Class 4 Claims.   Allowed secured claim of the County  
13 of Sacramento based upon the secured tax roll and secured by real  
14 property.

15          3.05.       Class 5 Claims.   Allowed secured claim of Washington  
16 Mutual secured by real property located at 6 Via El Verano, Tiburon,  
17 California.

18          3.06.       Class 6 Claims.   Allowed secured claim of Citi  
19 Mortgage secured by real property located at 6 Via El Verano,  
20 Tiburon, California.

21          3.07.       Class 7 Claims.   Allowed secured claim of Aurora Loan  
22 Services secured by real property located at 13 Margory Court,  
23 Novato, California.

24          3.08.       Class 8 Claims.   Allowed secured claim of Bank of  
25 Marin secured by real property located at 13 Margory Court, Novato,  
26 California.

27          3.09.       Class 9 Claims.   Allowed secured claim of Bank of  
28 America secured by real property located at 8838 Phoenix Ave., Fair

Oaks, California.

3.10. Class 10 Claims. Allowed secured claim of Golden Security Bank secured by real property located at 1985 Broadway, Vallejo, California.

3.11. Class 11 Claims. Allowed secured claim of Redwood Credit Union secured by a 2004 Mercedes Benz SL55.

3.12. Class 12 Claims. Allowed secured claim of Redwood Credit Union secured by a 2007 Infiniti SUV.

3.13. Class 13 Claims. Allowed claims of creditors other than those holding allowed Class 1 Claims, Class 2 Claims, Class 3 Claims, Class 4 Claims, Class 5 Claims, Class 6 Claims, Class 7 Claims, Class 8 Claims, Class 9 Claims Class 10 Claims, Class 11 Claims, Class 12 Claims and Class 14 Interests, including, but not limited to, creditors whose claims may arise out of the rejection of executory contracts and secured creditors to the extent that the Court finds the same unsecured in whole or in part.

3.14. Class 14 Interests. Allowed interests of Debtors.

The Plan treats the classes as follows:

1. Class 1 Claims are impaired. Holders of allowed Class 1 Claims shall be paid in equal monthly installments of principle and interest at the statutory rate, over sixty (60) consecutive months commencing on the effective date of the Plan.

2. Class 2 Claims are impaired. Holders of allowed Class 2 claims shall be paid under a five year plan as provided by state law. Debtors shall enter into the five year plan on the effective date. Such holders shall retain their interest in the collateral.

3. Class 3 Claims are impaired. Holders of allowed Class 3 claims shall be paid under a five year plan as provided by state

1 law. Debtors shall enter into the five year plan on the effective  
2 date. Such holders shall retain their interest in the collateral.

3 4. Class 4 Claims are impaired. Holders of allowed Class 4  
4 claims shall be paid under a five year plan as provided by state  
5 law. Debtors shall enter into the five year plan on the effective  
6 date. Such holders shall retain their interest in the collateral.

7 5. Class 5 Claims are impaired. Holders of allowed Class 5  
8 claims shall be paid pursuant to the terms of the Note. Any pre-  
9 confirmation defaults shall be cured in sixty equal monthly  
10 installments commencing on the effective date of the Plan. Such  
11 holders shall retain their interest in the collateral.

12 6. Class 6 Claims are impaired. Holders of allowed Class 6  
13 claims shall be paid an amount equal to such holders interest in the  
14 Debtors' interest in the collateral in monthly installments of  
15 principle and interest at a market rate calculated and payable based  
16 upon a thirty year full amortization. Such holders shall retain  
17 their interest in the collateral.

18 7. Class 7 Claims are impaired. Holders of allowed Class 7  
19 claims shall be paid an amount equal to such holders interest in the  
20 Debtors' interest in the collateral in monthly installments of  
21 principle and interest at a market rate calculated and payable based  
22 upon a thirty year full amortization. Such holders shall retain  
23 their interest in the collateral to the extent perfected.

24 8. Class 8 Claims are impaired. Holders of allowed Class 8  
25 claims shall be paid an amount equal to such holders interest in the  
26 Debtors' interest in the collateral in monthly installments of  
27 principle and interest at a market rate calculated and payable based  
28 upon a thirty year full amortization. Such holders shall retain



1 their interest in the collateral.

2 9. Class 9 Claims are impaired. Holders of allowed Class 9  
3 claims shall be paid an amount equal to such holders interest in the  
4 Debtors' interest in the collateral in monthly installments of  
5 principle and interest at a market rate calculated and payable based  
6 upon a thirty year full amortization. Such holders shall retain  
7 their interest in the collateral.

8 10. Class 10 Claims are impaired. Holders of allowed Class 10  
9 claims shall be paid an amount equal to such holders interest in the  
10 Debtors' interest in the collateral in monthly installments of  
11 principle and interest at a market rate calculated and payable based  
12 upon a thirty year full amortization. Such holders shall retain  
13 their interest in the collateral.

14 11. Class 11 Claims are impaired. Holders of allowed Class 11  
15 claims shall be paid an amount equal to such holders interest in the  
16 Debtors' interest in the collateral in monthly installments of  
17 principle and interest at a market rate calculated and payable based  
18 upon a sixty (60) month full amortization. Such holders shall  
19 retain their interest in the collateral.

20 12. Class 12 Claims are impaired. Holders of allowed Class 12  
21 claims shall be paid an amount equal to such holders interest in the  
22 Debtors' interest in the collateral in monthly installments of  
23 principle and interest at a market rate calculated and payable based  
24 upon a sixty (60) month full amortization. Such holders shall  
25 retain their interest in the collateral.

26 13. Class 13 Claims are impaired. Holders of allowed Class 13  
27 claims shall be paid the aggregate sum of \$42,000 on a prorata basis  
28 and payable in 72 monthly installments together with interest at the

1 Federal Judgment Rate.

2 14. Class 14 Interests are impaired. Holders of allowed Class  
3 14 Interests shall retain such interests subject to the terms of the  
4 Plan.

5 THE PLAN PROVIDES FOR THE MEANS OF EXECUTION AS FOLLOWS:

6 1. Debtors shall take over the operation of the gas station  
7 and market at 1985 Broadway St., Vallejo, California from H.  
8 Azizian, Inc. and operate same as a proprietor or limited liability  
9 company. Said operation will produce sufficient revenue to make the  
10 payments as provided in this Plan

11 2. Debtors shall commence payments to holders of secured  
12 claims as provided herein on the effective date of the Plan.

13 3. Debtors shall commence payments to holders of allowed  
14 Class 13 Claims on the effective date of the Plan.

15 4. The following payments shall be made directly by co-  
16 obligors:

17 a. Payments to holders of Class 7 and 8 Claims and  
18 payments to holders of Class 2 Claims to the extent related to real  
19 property located at 13 Margory Ct., Novato, California shall be made  
20 by Taghieh Eslambolchizad;

21 b. Payments to holders of Class 4, 9 and 12 Claims shall  
22 be made by Neda Azizian; and

23 c. Payments to holders of Class 11 Claims shall be made  
24 by Navid Azizian.

25 5. No party shall take any action against the Debtors, their  
26 assets, or assets of the estate inconsistent with the terms of the  
27 within Plan.

28 6. Debtors may bring motions to determine the secured

1 interest of any secured class pursuant to Section 506 of the Code at  
2 any time before or after confirmation of the Plan.

3 7. The Debtors shall comply with post confirmation reporting  
4 requirements to the U.S. Trustee and payment of U.S. Trustee fees  
5 post confirmation until entry of Final Order as required by law.  
6 Nothing contained in the Plan shall impose or expand the  
7 requirements for reporting and payment of fees as set forth by  
8 statute and/or case law. In the event the case is converted to a  
9 case under Chapter 7, the assets shall revert in the Chapter 7  
10 estate.

11 8. Any sale or refinance of property as provided herein may  
12 be made free and clear of liens as provided in the Code. The Court  
13 shall specifically reserve jurisdiction to implement the Plan, to  
14 approve sale of property, and to direct such sale of property free  
15 and clear of lien where necessary or appropriate.

16 9. Debtors reserve rights to object to any claim filed in the  
17 case and to assert any and all counterclaims against any party  
18 filing such a claim.

19 IV

20 The assets and liabilities of the Debtors are set forth in the  
21 Debtors' Schedules, on file with the Court. The Proponents believe  
22 that the terms of the Plan are feasible, and that they will be able  
23 to perform under the Plan. The Debtors request confirmation of the  
24 Plan.

25 Dated: 2/14/10

/s/ Hosain Azizian  
Hosain Azizian, Debtor

27 Dated: 2/14/10

/s/ Fatemeh Azizian  
Fatemeh Azizian, Debtor

# LIQUIDATION ANALYSIS

<u>Asset</u>	<u>Value</u>	<u>Encumbrance</u>	<u>Net</u>
4950 Ross Rd. Sebastopol, CA	\$2,980,000	\$3,435,000	-0-
Account Receivable	110,000	-0-	110,000
Trailer	1,000	-0-	-0-
Office equip.	1,000	-0-	1,000
Audio System	500	-0-	500
Tractor/attachments	18,000	18,000	-0-
Winery Equipment	150,000	-0-	150,000
Bulk wine	165,000	-0-	165,000
Lab Equip.	500	-0-	500
			<hr/> \$427,000

Net Liquidation Value 427,000

Expenses of Adm. (Est.)		
Attorney fees	\$53,000	
Accounting	16,000	
Trustee	24,500	
Brokerage		
Inventory	16,500	
Tax on Sale	4,300	
Priority	<u>23,000</u>	<u>(137,300)</u>
		\$292,700